



External Assessment Report 2014

Subject(s)	Accounting
Level(s)	Advanced Higher

The statistics used in this report are prior to the outcome of any Post Results Services requests

This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the examination.

Comments on candidate performance

General comments

The overall performance of candidates this year was poorer than previous years' measured by the average mark attained. However, given the small number of candidates it is difficult to draw too many conclusions as to the reasons for this. A significant change from recent years was a clear increase in the number of candidates achieving a very low mark. If the candidates achieving a mark of 30% or under were taken out from the average calculation, the figure would be in line with previous years. On the plus side, upper A standard was achieved by some candidates — in contrast to last year when there were none.

Once again the average performance in theory questions was disappointing, although a feature was that a reasonable number of candidates answered well but slightly more answered very poorly.

The compulsory question in Section A was better answered than the one in Section B.

In Section A more candidates answered Q2 than Q3, but the standard of answers in Q3 was significantly higher.

In Section B more candidates answered Q7 than Q8, but the performance in these questions was very similar.

Overall 51% of candidates achieved a pass mark, which is slightly down on the previous year's figure of 55%.

Question 1 (Cash Flow/Investment Ratios)

The average mark for this question was 25/50.

In part (a) calculating the Net Cash Flow from Operating Activities, the main problems were not realising the debentures changed halfway through the year, which affected the interest; and making the correct adjustment for the profits/losses on the sale of fixed assets, ie plus for losses and less for profits..

In part (b) the Cash Flow Statement itself, candidates sometimes calculated the figures correctly but allocated then to the wrong section. The calculation of debenture interest and taxation caused problems, and the share premium connected with the share issue was sometimes omitted.

In Part B the calculation of the investment ratios, candidates either did very well or very badly.

Question 2 (Partnership Dissolution/Issue of Shares)

Most candidates chose this question rather than Question 3 and unfortunately did not perform very well, with an average mark for the question of 17/40. This was caused in the main by poor attempts at part (b).

The dissolution was well done by most candidates, with the only difficulties being the recording of debtors/creditors with their respective discounts. This type of question should be well done as it has a standard format and has been asked before.

However the issue of shares part was not well done and, of course, since it was worth 25 marks compared to 15 for the dissolution, this produced the low average mark for the question as a whole. The main difficulties related to the over-subscription of shares and the resultant entries for the forfeiture and reissue.

It may be that candidates saw the dissolution part of the question and went for it without considering carefully enough the second part of the question.

Question 3 (Consolidated Balance Sheet)

This question was well done, with an average mark of 30/40. Although there are some quite detailed workings required in this type of question it has been well done on a regular basis.

Any difficulties that did arise related to the balance on Consolidated Profit and Loss Account, omission of cash in transit, and the placing of the Minority Interest figure.

Question 4 (Auditing)

This question was better done than Q5 with an average mark of 14/30.

Parts (a), (b) and (c) were reasonably well done, but the answers to (d) were poor.

Question 5 (Standards/Directors' Report)

Very few candidates attempted this question and achieved an average mark of only 8/30.

It is hard to say anything other than a clear lack of knowledge was the main contributing factor to the poor performance.

Question 6 (Investment Appraisal/Variance Analysis)

The average mark for this question was 22/50.

Most candidates coped with payback and net present value, but struggled with accounting rate of return. Many candidates forgot, or did not know what to do with, the winding up costs.

IRR was reasonably done but the profit in cash terms proved difficult.

The material variances were quite well done but the overhead variances proved a problem for most candidates.

Question 7 (WIP Equivalent Units/Contract)

The average mark for this question was 22/40, with most of the marks coming from the Contract part of the question.

Equivalent unit questions have been asked regularly, but there has been little improvement in the answers. We have tried giving a layout as in this paper, or leaving candidates to produce their own layout in other years. Neither has been successful in improving answers.

Even the process account, where marks are available for consequentially correct answers, often showed poor performance, eg failing to realise that good output and abnormal gains/losses should be valued at same unit cost.

As stated above the Contract Account was fairly well done with the main problem being the calculation of prime cost and the resultant sharing of overheads.

Question 8 (Limiting Factors/Marginal)

The average mark for this question was 22/40.

The first part of this question on limiting factors was slightly different from previous questions by bringing in two limiting factors. However it was reasonably well done, as candidates followed the clear instructions given in the question.

The last part of the question dealing with the options proved more difficult, with the royalties causing the main problem.

Question 9 (Marginal/Absorption)

The average mark for this question was 11/30.

Many candidates were able to list good points but merely repeated the same points in different parts of the question.

Question 10 (Various Costing Terms)

There were fewer attempts at this question compared to Question 9 and the average mark was only 9/30.

Again it is difficult to say anything other than candidates showed a lack of knowledge and an inability to explain the terms and their significance.

Statistical information: update on Courses

Number of resulted entries in 2013	45
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Number of resulted entries in 2014	37
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Statistical information: Performance of candidates

Distribution of Course awards including grade boundaries

Distribution of Course awards	%	Cum. %	Number of candidates	Lowest mark
Maximum Mark 240				
A	21.6%	21.6%	8	163
B	16.2%	37.8%	6	138
C	13.5%	51.4%	5	113
D	13.5%	64.9%	5	100
No award	35.1%	-	13	-

General commentary on grade boundaries

- ◆ While SQA aims to set examinations and create marking instructions which will allow a competent candidate to score a minimum of 50% of the available marks (the notional C boundary) and a well prepared, very competent candidate to score at least 70% of the available marks (the notional A boundary), it is very challenging to get the standard on target every year, in every subject at every level.
- ◆ Each year, SQA therefore holds a grade boundary meeting for each subject at each level where it brings together all the information available (statistical and judgemental). The Principal Assessor and SQA Qualifications Manager meet with the relevant SQA Business Manager and Statistician to discuss the evidence and make decisions. The meetings are chaired by members of the management team at SQA.
- ◆ The grade boundaries can be adjusted downwards if there is evidence that the exam is more challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- ◆ The grade boundaries can be adjusted upwards if there is evidence that the exam is less challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- ◆ Where standards are comparable to previous years, similar grade boundaries are maintained.
- ◆ An exam paper at a particular level in a subject in one year tends to have a marginally different set of grade boundaries from exam papers in that subject at that level in other years. This is because the particular questions, and the mix of questions, are different. This is also the case for exams set in centres. If SQA has already altered a boundary in a particular year in, say, Higher Chemistry, this does not mean that centres should necessarily alter boundaries in their prelim exam in Higher Chemistry. The two are not that closely related, as they do not contain identical questions.
- ◆ SQA's main aim is to be fair to candidates across all subjects and all levels and maintain comparable standards across the years, even as arrangements evolve and change.